



# Derbyshire Pension Board Annual Report 2022 - 2023

October 2023

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## Introduction

Derbyshire Pension Board (the Board) continued to assist Derbyshire County Council (the Council), the administering authority, with the governance and administration of Derbyshire Pension Fund (the Fund) throughout 2022 - 2023, led by Ronald Graham who had been the Chair of the Board since its inception in 2015.

Sadly, Ronald passed away suddenly in May 2023; thanks for his service on the Board and his very positive contribution to the governance of the Fund have been noted by members of the Pension Board, by the Chair of the Pensions and Investments Committee, by the Chair of Full Council and by officers of the Fund.

Neil Calvert was appointed as the new Chair in July 2023. Neil brings a substantial range of executive and non-executive experience to the Board and has previously served on the Board as an Employer Representative.

During 2022 - 2023, Nick Read's term as a Membership Representative came to an end. Nick had been on the Board since it was established, strongly representing the interests of members throughout his period of tenure.

John Sadler, an active member of the Fund through his employment with Derby City Council, was appointed to the Board as a Member Representative. John brings to the Board valuable previous experience of serving on a local pension board.

Further changes to the membership of the Board, following the year end are set out later in the report.

The total number of participating active employers in the Fund rose from 331 at the end of March 2022 to 341 at the end of March 2023, with new admissions relating to academies and to organisations which had secured a contract to provide a service or function for a scheme employer.

Employer exits from the Fund over the period related to employers' last active members leaving their employment, to contracts coming to an end or to employees being transferred back to the original participating employer.

The number of Fund membership records continued to increase during the year, rising to approaching 110,000 at the end of March 2023, up from around 105,500 records at the end of March 2022, representing around 93,500 individual members.

The triennial actuarial valuation of the Fund at 31 March 2022 was completed during the year. The valuation is essentially a planning exercise for the Fund to review its funding strategy and ensure that a contribution plan and investment strategy are in place to enable the Fund to pay members' benefits.

The Board received updates throughout the year on the progress of the valuation and Board members attended a training session on the valuation presented by Hymans Robertson LP, the Fund's actuary which provided a background to the valuation, an explanation of the data and assumptions and initial results, updates to the Funding Strategy Statement and a change in the Fund's approach for carrying out cessation valuations for employers leaving the Fund.

The whole Fund results, which provide a high-level snapshot of the funding position at 31 March 2022, reported an improvement in the funding level of the Fund from 97% at 31 March 2019 to 100% at March 2022, moving from a deficit of £163m to a small positive surplus of £1m. For the purposes of reporting a funding level, an investment return of 3.8% per annum was assumed.

The Board was pleased to note the stronger funding position and the Fund's engagement with its employers which supported the agreement of individual employer contribution rates for the three years from 1 April 2023.

The Board has continued to receive regular reports on the roll-out of My Pension Online (MPO), the Fund's member self-service system which was launched in 2021.

MPO gives members the ability to access certain parts of their pension information, to undertake changes to some of their personal data and to carry out benefit projections online. The Board strongly supports the rollout and development of this service which provides members with the ability to flexibly and securely access their pension information to support retirement planning.

By the end of March 2023, over 30% of the Fund's combined active and deferred membership had registered for the service. Board members have continued to provide suggestions and encouragement to officers as the Fund continues to promote MPO with the aim of achieving wider membership take-up of the service.

The rollout of the i-Connect automated employer data submission and validation system continued during the year, with employers representing around 90% of the Fund's membership now using the system. Submission of data via i-Connect is the standard method for employers to provide member data to the Fund.

## **Board Activities**

During the year, the Board discussed the Pensions and Investments Committee (Committee) papers and received and considered the Fund's performance dashboard, which displays key performance indicators covering governance, funding & investments and administration, the Fund's Statutory Breaches Log and information / reports on:

- the i-Connect project
- My Pension Online
- data breaches
- the Fund's data mapping exercise
- the proposed McCloud remedy
- the Fund's McCloud Project Board
- an update to the Fund's Pension Administration Strategy
- the triennial actuarial valuation
- Pensions Dashboards
- the Fund's risk register
- investment pooling

The Fund's procedure for identifying, recording and considering statutory breaches is supported by the Board. The Statutory Breaches Log (the Log) and any recommendations made / actions taken with respect to breaches are reviewed by the Board, with the Board's review subsequently noted on the Log.

The ongoing review by the Board of any data breaches experienced by the Fund and of the lessons learnt, and any subsequent changes to procedures helps to support the Fund's robust approach to data security.

The Board reviewed and commented on the proposed updates to the Fund's Pension Administration Strategy before it was approved by the Pensions and Investments Committee in June 2022.

The Pension Administration Strategy sets out the roles, responsibilities, and service standards which the Fund and participating employers will be expected to deliver in order to support the efficient administration of Fund members' records. It also includes details of how employers will be monitored, supported and managed should they fail to meet the required standards of performance in submitting accurate and timely data and payments to the Fund.

The Board fully supports the Fund's ability to recover the cost of maintaining a separate process for receiving data from any employers who fail to engage on the implementation of the i-Connect system, which was included in the updated PAS.

The Fund's participation in the LGPS Central Pool (Pool) and the transition of assets to the management of LGPS Central Ltd (LGPSC), the company established to manage investments on behalf of the eight LGPS pension funds within the Pool, has continued to be closely monitored by the Board.

The Board has continued to support the application of robust governance arrangements with respect to the Pool and to the oversight of LGPSC and has continued to support the Fund's focus on the investment performance of LGPSC products.

The Chair of the Board attended two meetings of the Local Pension Board Chairs of LGPS funds within the LGPS Central Pool during the year. Both meetings included sessions presented by representatives of the LGPS Scheme Advisory Board on topical LGPS issues including:

- DLUHC's LGPS Governance and reporting of climate change risks consultation
- Good Governance
- the expected DLUHC consultation on LGPS investment pooling
- the Levelling Up White Paper
- the proposed Boycotts
- Divestments and Sanctions Bill
- Prudential's AVC issues
- the Stewardship Code
- the DLUHC consultation on the SAB cost management process
- the Code of Transparency
- Sharia compliance in the LGPS
- McCloud

The LGPS funds represented at the meetings have also continued to discuss their approaches to assessing and mitigating cyber risk and their compliance with the proposed recommendations from the LGPS Scheme Advisory Board's Good Governance review. A presentation was also received from LGPS Central Limited on Responsible Investment, including the integration of environmental, social and governance factors into investment decisions and including stewardship activities. The continuing collaboration between local pension boards is invaluable.

The Board undertook a detailed review of the Fund's Risk Register in early April 2023. The Board's comments were taken into consideration during the update of the Risk Register that was presented to Committee later that month. Officers continued to welcome this additional review of the risks faced by the Fund.

The Derbyshire Pension Board webpage on the Fund's website contains a summary of each of the Board's meetings and also has a link to the Board's Terms of Reference:

[derbyshirepensionfund.org.uk/pensionboard](http://derbyshirepensionfund.org.uk/pensionboard)

The Board would like to thank all the members of the Pension Fund Team for their work on behalf of the Fund's members over the past year and for the collaborative way in which officers have continued to work with the Pension Board.

### Board Members

The Board is made up of five members, with an independent, non-voting Chair, two representatives of scheme members and two representatives of employer organisations. Membership in the year to 31<sup>st</sup> March 2023:

Position	Name	Employer	Notes
Chair	Ronald Graham	Non applicable	Subsequent to the year end, Neil Calvert was appointed as the new Chair of the Board by Full Council on 12 July 2023.
Member Representative	Karen Gurney	Employee of Derbyshire County Council	
Member Representative	Nick Read	TU Rep, UNISON East Midlands LGPS Committee	Until June 2022
Member Representative	John Sadler	Employee of Derby City Council	From November 2022
Employer Representative	Oliver Fishburn	Bolsover District Council and NE Derbyshire District Council	
Employer Representative	Susan Ambler	University of Derby	

The terms of office for the Member and Employer Representatives at 31<sup>st</sup> March 2023 were as follows:

Role	Name	Start date	Term	Expiry
Member Representative	Karen Gurney	June 2019	4 Years	June 2023
Member Representative	John Sadler	November 2022	4 Years	Nov 2026
Employer Representative	Oliver Fishburn	May 2019	4 Years	May 2023
Employer Representative	Susan Ambler	February 2022	4 Years	February 2026

Subsequent to the year end, Oliver Fishburn and Karen Gurney stepped down from the Board at the end of their respective terms of office.

In May 2023, Full Council appointed Lisa Seeley, Head of Payroll and Pensions at Aspens Services Limited, as a new Employer Representative from June 2023 and appointed Mark Wreghitt, a pensioner member of the Fund, as a new Member Representative from July 2023.

### Meeting Attendance

Members of the Board attended the following formal Pension Board meetings in 2022 - 2023:

Member	19 May 2022	22 September 2022	26 January 2023
Ronald Graham	✓	✓	✓
Susan Ambler	✓	✓	✓
Oliver Fishburn	✓	✓	✓
Karen Gurney	✓	✓	✓
Nick Read	✓	N/A	N/A
John Sadler	N/A	✓	✓

John Sadler attended the 22 September 2022 meeting of the Board as an observer.

### Conflicts of Interest

At each Board meeting, members are required to declare any new conflicts of interest. No conflicts have been declared during the year.

## Training

Members of Derbyshire Pension Board are subject to the same Training Policy as members of the Pensions and Investments Committee and senior officers involved in the management and administration of the Fund.

The Fund aims to comply with:

- Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Finance Knowledge and Skills Framework
- Knowledge and skills requirements of the Public Service Pensions Act 2013
- The Pensions Regulator's Code of Practice No.14, Governance and Administration of Public Service Pension Schemes 2015

### Training Attendance

Members of the Board attended the following training in 2022 - 2023:

- **Ronald Graham:** Actuarial Valuation (Hymans Robertson)
- **Susan Ambler:** Induction; Commercial Property (Colliers); Pension Fund Accounts, Annual Report & Budgetary Control, i-Connect, MPO & Pensions Dashboards; Procurement
- **Karen Gurney:** Actuarial Valuation (Hymans Robertson)
- **John Sadler:** Actuarial Valuations (Hymans Robertson); LGPS Central RI Day. Subsequent to the year end, John Sadler attended induction training.
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### Costs and Expenses

Type of cost or expense	2021 / 2022	2022 / 2023
Members' Allowances (Travel)	£58	£0
Training Costs & Subscriptions	£0	£484
Chairman's Services	£15,000	£16,000
<b>Total</b>	<b>£15,058</b>	<b>£16,484</b>



## Future Work Plan

The Board's work plan for 2023 - 2024 includes:

- **Staffing:** Assisting officers to ensure that the Fund has an adequate and resilient staffing structure.
- **Cybercrime:** Considering the Fund's actions to increase its resilience to cybercrime attacks, including reviewing the output from the Fund's data mapping project.
- **Feedback:** Ensuring that feedback is sought both from members and employers on the impact of the Fund's communications, and that action is taken as necessary on the basis of that feedback.
- **Risk register:** In-depth consideration of the Fund's Risk Register.
- **MPO:** Monitoring progress on the continued roll out of My Pension Online and supporting the development of a Fund Member Forum.
- **i-Connect:** Overseeing the continued roll out and impact of the i-Connect system to enable secure, automated, monthly data returns from employing authorities.
- **McCloud:** Supporting the planning and implementation of actions resulting from the outcome of the McCloud case and its implications for the LGPS and the Fund.
- **Pensions Dashboards:** Monitoring the Fund's progress on preparing for the implementation of Pensions Dashboards.
- **Performance monitoring:** Continued monitoring of the administrative performance of the Fund and supporting the development of more customer-focussed Key Performance Indicators.
- **Compliance:** Regular reviews of the Fund's compliance with the requirements of the Pension Regulator's Code of Practice 14 (and its eventual successor).
- **Networking:** Continuing to develop relationships with the Pension Boards of other LGPS funds (both through the liaison group of Central Pool participant boards' Chairs and otherwise) to promote and ensure best practice.
- **Technical knowledge:** Developing, monitoring and maintaining the technical knowledge required by Board and Pensions and Investment Committee members.